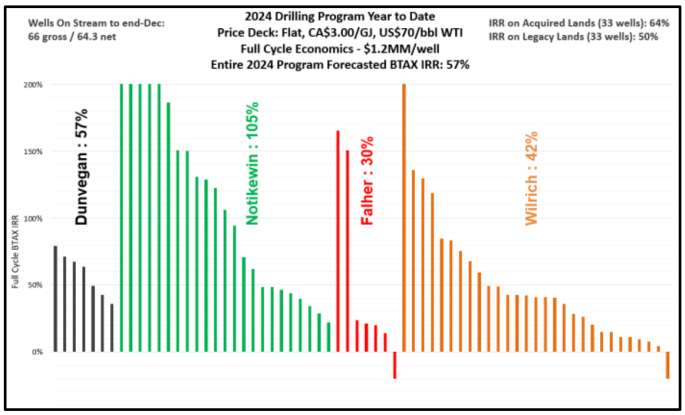
Peyto Exploration & Development Corp.
Monthly Report

April 2025 **By Jean-Paul Lachance, President and Chief Executive Officer**

Execution is Key

While much has been said about the successful production and reserves outcomes Peyto achieved in 2024, the importance of physically executing a drilling program with operational excellence can get lost in the numbers. When the dust settles at the end of each year, we look back at the program and evaluate an internal rate of return ("IRR") for each well based on the actual production, total capital invested, and a forecast of future cash flows. Figure 1 shows the individual well results of this analysis, grouped by species, to provide the full range of IRRs for the 2024 drilling campaign. We include a provision for costs unrelated to the wells (facility and pipeline projects, new land and seismic, and other capital) so that all capital spent in 2024 is accounted for. Outcomes where the IRR of a well is negative suggest that the well will not make its initial investment back under the price assumptions. In this evaluation we used a flat $3.00/GJ gas price and $70/bbl WTI oil price.

Figure 1 – IRR by Well, 2024 Drill Program



Peyto believes that providing a well-by-well IRR analysis is an important piece of transparency that demonstrates our ability to generate a return on shareholders' investment dollars. We celebrate the wins and don't hide the failures — the good, the bad, and the ugly results are shown every year. Generating predictable results, demonstrated by tight distributions of IRRs within the different species, and limiting the number of economic failures (<0% IRR) are important attributes of this plot. For the wells drilled in 2024, all but two are projected to make a reasonable return on capital. This is one of the lowest economic failure rates in our history which has averaged about seven wells per year over the last ten years. When we experience a negative outcome on a well it is often because of operational difficulties or geological uncertainty (the target was not there or was of poorer quality than expected) or combination of both. The low failure rate in 2024 was largely due to the near flawless efforts of those involved in the drilling program.

The execution acumen at Peyto can be attributed to the relationships we have built with key service providers over the years and the consistency of our drilling program. Running a steady drilling program gives our contractors the ability to plan for the long term and allows field supervision and office staff to focus their efforts on optimization and continuous improvement. Peyto has kept four to five rigs running consistently since 2020 and the rigs we currently contract from Ensign and Savanna have drilled over 750 of our 1370 horizontal drills to date. In fact, Ensign 401 has worked for Peyto since 2009 when we drilled our first horizontal multi-stage well. Our steady drilling program also allows us to keep Trican's hydraulic fracturing crews busy, following closely behind the rigs so that we can improve efficiencies over time with consistent stimulations.

Another important element in the execution of a drilling program is the balance of risk and reward. Drilling longer laterals tends to reduce geologic risk but can also increase operational risk. In 2024, Peyto achieved the longest and deepest horizontal laterals on average in its history at 2184 and 5092 meters, respectively. The Company has always taken a measured approach to the "longer is better" strategy. The reservoir quality we pursue in the Deep Basin has better permeability and requires less stimulation than the Montney or Duvernay. However, the reservoirs are thinner, making it an operational challenge to stay in the target zone. This requires our geoscientists, engineers, and drillers to collaborate at all hours to balance the risks with the rewards of drilling longer wells. The value-based approach that Peyto employs allows for quality decisions with a focus on keeping the wells on the right side of the IRR plot.

This past year, the combination of excellence in execution and strong individual well performance have delivered some of the best results for Peyto across many different measures. The drilling program for 2024 is forecasted to yield an IRR of 57%. The wells drilled on Repsol lands (about half the program) calculate to a 64% IRR while the drills on our legacy lands are forecasted to achieve a 50% IRR. Peyto's approach to the business is to intelligently manage risks and rewards and has resulted in a solid track record of predictable performance. Over the last 26 years, the Company has delivered $3.7 billion of earnings and cumulative earnings per share of $26.78 with only one recorded year of losses (2020 due to COVID-19). Since The Company's inception, we invested $8.9 billion and achieved an average ROCE of 14% while shareholders received $3.1 billion in dividends (or a total of $22.63/share) which we plan to continue in the future.

Operational Highlights

Well-related capital was lower in February with limited completions due to drilling on multi-well pads resulting in only 2 wells being brought onstream during March. We currently have 11 wells waiting on completions and/or tie-in which we expect to be connected in April.

Capital Investment ($C millions)[1]

	Q1 23	Q2 23	Q3 23	Q4 23	2023	Q1 24	Q2 24	Q3 24	Q4 24	2024	Jan 25	Feb 25
D,C,E&T [2]	89	72	81	91	**333**	94	87	99	97	**377**	31	**24**
Facilities	32	9	11	12	**64**	18	13	26	18	**75**	2	**3**
Other [3]	1	1	1	12	**16**	2	1	2	3	**7**		
Acquisitions [4]				699	**699**			-1		**-1**		
Total	**122**	**82**	**94**	**814**	**1112**	**114**	**101**	**126**	**117**	**458**	33	**27**
ARO Activities [5]			1	2	**3**	4	-	2	2	**8**	1	**1**

Production (mboe/d)[1]

	Q1 24	Q2 24	Q3 24	Oct 24	Nov 24	Dec 24	Q4 24	2024	Jan 25	Feb 25	Mar 25	Q1 25
Sundance	**93**	**92**	**91**	101	103	103	102	**95**	103	103	**102**	**103**
Brazeau	**27**	**26**	**24**	24	25	26	25	**25**	25	24	**25**	**24**
Other	**5**	**5**	**5**	5	5	7	6	**5**	7	7	**6**	**7**
Total	**125**	**122**	**120**	**130**	**133**	**136**	**133**	**125**	**135**	**134**	**133**	**134**
liquids %	13%	12%	11%	12%	12%	12%	12%	**12%**	12%	12%	**12%**	**12%**

1. *This estimate is based on field data, actual numbers will vary from the estimate due to accruals and adjustments.*
2. *Well-related costs including Drilling, Completions, Equip and Tie-in.*
3. *Other costs include Land, Seismic, and Miscellaneous.*
4. *Acquisitions costs include asset and corporate deals.*
5. *Asset Retirement Obligations (ARO) spending is decommissioning expenditures incurred in the period.*

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FORWARD LOOKING STATEMENTS

Certain information set forth in this monthly report, including management's estimate of monthly capital spending, field estimate of production, production decline rates, contains forward-looking statements. Reserves disclosures are also forward-looking information, including the volumes and the life of Peyto's reserves, production estimates, project economics including NPV, IRR, netback RLI and recycle ratio. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Peyto's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Peyto's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Peyto will derive there from. The forward-looking statements contained in this monthly report are made as of the date of this monthly report. Except as required by applicable securities law, we assume no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing risks and assumptions affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

All references are to Canadian dollars unless otherwise indicated. Natural gas liquids and oil volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (mcfe) using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas volumes recorded in thousand cubic feet (mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based in an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 mcf:1 bbl may be misleading as an indication of value.

NON-GAAP AND OTHER FINANCIAL MEASURES

Peyto employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as long-term debt, net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Peyto's performance.

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